

TOLLING RECOMMENDATION TO THE REGIONAL TRANSPORTATION IMPROVEMENT DISTRICT

BRIEFING PAPER

Prepared for the
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PURPOSE:

Develop a Transportation Commission position on the use of tolls as source of revenue for Regional Transportation Improvement District (RTID) financing proposal.

ACTION/OUTCOME:

Adoption by the Transportation Commission of a position on tolling that will be forwarded to the Regional Transportation Improvement District representatives.

BACKGROUND:

There has been a much-discussed question of how tolls ought to be incorporated into the finance plans for projects now under review for the Regional Transportation Improvement District ballot proposal. The Transportation Commission as the tolling authority and the Department as the operator will be the primary implementer of any voter approved RTID ballot measure that includes tolls.

DISCUSSION:

The RTID's current project list and revenue proposal shows tolls being used on five planned State improvements. Tolling will be a desirable element of regional transportation management strategy to promote efficient use of facilities. Tolls are also both desirable and necessary to provide a source of revenue to help fund investment in critically needed projects. The Department is very supportive of continuing analysis of tolling on system wide basis and in the form of High Occupancy Toll (HOT) lanes. However, the use of tolls for the purpose of establishing revenues for a voter-approved measure should be considered somewhat separately from this ongoing analysis and independently evaluated for each project.

SR-520 Bridge Project: A project to replace the SR 520 Bridge will almost surely be included in an RTID proposal. The finance plan for the project should include tolls.

- Revenue from tolls on a new SR 520 facility will likely be large enough to fund a significant portion of the project cost, although not necessarily the entire cost.

- Public acceptance of tolls for this project will be aided by general appreciation that tolls are particularly suited to the finance of bridges, as illustrated by the financing of the original bridge on this route now needing replacement, as well as by the finance program for the new Tacoma Narrows Bridge now under construction.

Detailed toll feasibility studies remain to be conducted to test toll levels, revenue prospects and demand elasticity related to traffic diversion to other routes such as the I-90 crossing, but the best current information suggests significant revenue potential.

SR 509: This project is also expected to be included in an RTID proposal. The finance plan should *not* include tolls as a revenue source for a project-finance type model for generating investment in the project's capital cost. The chief reason for this conclusion is that revenue potential from tolls will be relatively low because of the convenient diversion opportunities. Net revenues from tolls will also be adversely affected by relatively high toll collection costs.

This conclusion should not eliminate SR 509 from consideration as part of a congestion pricing approach looking at charging mechanisms that would principally promote system efficiency for a larger traffic network, the proceeds of which could be used to financial benefit through a system-wide contribution as distinct from a project finance model.

Alaskan Way Viaduct: The conclusion here is basically the same as with SR 509. In addition, attention should be given to another finance opportunity that we characterize in general terms as "value capture" in relation to the immediate appreciation in adjacent property values likely to result from major investment in the Viaduct/Seawall project.

I-405 and SR 167: General facility tolling aimed at revenue generation to support capital investment specifically in projects on either of these routes is problematic. The reasons include the diversion problems suggested for SR 509 and the Alaskan Way Viaduct, as well as the additional public acceptance issue of toll imposition on a facility that would be at least in part an "existing" facility.

Use of variable rate pricing of facilities in HOT lane configurations, on the other hand, has many appealing features as a congestion management/highway efficiency strategy. HOT lane applications on these routes should continue to be evaluated. This opportunity, however, should be pursued independently of an RTID finance plan. One reason for this is that while the congestion relief and efficiency benefits of HOT lanes (including long-term protection of speed and reliability assurances for transit and vanpools) is very high, revenue yields from HOT lanes are predicted to be low relative to the capital investment needs of the projects.

The SR 167 HOT lane demonstration project should continue in order to resolve technical issues, demonstrate HOT lane benefits and build public understanding and acceptance of variable pricing as a means of making everyone's travel more efficient and convenient in a world of limited investment resources.

RECOMMENDATION:

It is recommended that a letter be drafted and forwarded to the RTID establishing the following position:

SR 520 Bridge: Continue to include tolling as part of the financing plan and further analyze the appropriate toll rates and revenues.

Alaska Way Viaduct and SR 509: Remove tolling revenues from the financing plan.

I-405 and SR 167: Continue the analysis of HOT lane options including conversion of existing HOV lanes, separate from the RTID proposal and remove tolling revenues from the financing plan.

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